GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1293
ANSWERED ON:10.03.2005
EXPLORATION LICENSING POLICY
Dhotre Shri Sanjay Shamrao;Gandhi Shri Pradeep;Singh Shri Chandrabhan Bhaiya

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government proposes to modify the New Exploration Licensing Policy; and

(b) if so, the details thereof and the reasons therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b):- The Government of India approved the New Exploration Licensing Policy (NELP) in 1997 and it became effective in 1999, since when licenses for exploration are being awarded through an international competitive bidding system. National Oil Companies are required to compete with Indian and foreign companies to secure Petroleum Exploration Licenses. Four rounds of bidding have so far been completed under NELP. While the overall fiscal and contractual terms under NELP have more or less remained the same, consultations are held with all stakeholders at the end of each round to suggest and incorporate improvements for succeeding rounds. The same process was followed for the fifth round of NELP, which was announced on the 4th January, 2005. The fifth round also incorporates some new features which make an improvement over earlier rounds. The salient changes from earlier rounds are given at the Annex.

Annex referred to in reply to parts (a) & (b) of the Lok Sabha Unstarred Question No.1293 by Shri Sanjay Dhotre, Shri Pradeep Gandhi and Shri Chanderbhan Singh to be answered on the 10th March, 2005 regarding Exploration Licensing Policy.

(i) All geo-scientific data has been made available online through the internet to enable companies to view data at their own convenience and location.

(ii) Work stations equipped with software has been provided at data centers at London, Houston, Calgary and Dubai. This will enable companies to analyse and interpret the data at the data centre itself

(iii) In order to provide marketing stability to the companies, the government shall exercise its option to take its profit share of natural gas in cash or kind for a block of 5 years instead of such option being made every year as in the previous rounds.

(iv) Data packages and information dockets can be purchased at a discounted price.

(v) In order to encourage small and medium size investors, companies having a net worth of US $ 500 Million or more will not be required to give a bank guarantee towards Minimum Work Programme commitment in respect of onland and shallow water blocks. This threshold value in the previous round was US$ 1000 Million.

(vi) In order to bring more transparency in the bidding process, weightages for all bid evaluation criteria including weightages for sub-criteria have now been made public under NELP-V for the first time.

(vii) Details of all operational blocks from earlier rounds such as work programme, fiscal terms etc. are available at Data Centres. This will enable companies to assess existing work programme as well as other bidding parametres while formulating their own bids and may also help them in forming strategic alliances.